

Historical combined balance sheets at 30 June in million CHF	Assets		1999	
	1998			
			<u>3 575</u>	
	3 294		<u>(1 760)</u>	<u>1 815</u>
	(1 602)	1 692		<u>38</u>
		40		<u>79</u>
		83		<u>58</u>
		41		<u>61</u>
		68		<u>0</u>
		0		<u>0</u>
		1 924		<u>2 051</u>
				<u>464</u>
		429		<u>349</u>
	379			
				<u>98</u>
	78			<u>0</u>
	0	457		<u>447</u>
		0		<u>0</u>
		886		<u>911</u>
		2 810		<u>2 962</u>

	1998	1999
Liabilities and shareholders' equity		
Total shareholders' equity	1 845	1 912
Minority interests	28	19
Liabilities		
Long-term provisions	390	389
Long-term debts	0	0
Total long-term liabilities and provisions	390	389
Other liabilities and deferred items	338	427
Current liabilities:		
Trade payables	181	182
Short-term debts:		
Due to bank and other financial institutions	28	33
Long-term debts due within one year	0	0 215
Total current liabilities and deferred items	547	642
Total liabilities	937	1 031
Total liabilities and shareholders' equity	2 810	2 962

Historical combined interim income statements in million CHF	first half 1998	first half 1999
<u>Net sales</u>	1 094	<u>1 082</u>
Changes in inventory of work-in-progress and finished goods	(32)	<u>(1)</u>
Other operating income	30	<u>38</u>
<u>Income from production</u>	1 092	<u>1 119</u>
<u>Material costs</u>	(410)	<u>(376)</u>
<u>Energy costs</u>	(51)	<u>(61)</u>
<u>Personnel expenses</u>	(278)	<u>(272)</u>
<u>Other operating expenses</u>	(151)	<u>(130)</u>
<u>Depreciation and amortization</u>	(81) (971)	<u>(107) (946)</u>
<u>Operating income</u>	121	<u>173</u>
<u>Amortization of goodwill</u>	(3)	<u>(3)</u>
<u>EBIT – earnings before interest and taxes</u>	118	<u>170</u>
<u>Other financial income/expenses</u>	(1)	<u>(1)</u>
<u>Income from unconsolidated investments</u>	2	<u>2</u>
<u>Income before income taxes</u>	119	<u>171</u>
<u>Income taxes</u>	(33)	<u>(48)</u>
<u>Net income before minorities</u>	86	<u>123</u>
<u>Income attributable to minorities</u>	0	<u>1</u>
<u>Net income</u>	86	<u>124</u>

Combined cash flow statement in million CHF	first half 1999
Consolidated net income for the year	124
Depreciation of property, plant and equipment	103
Amortization of intangibles	4
Amortization of goodwill	3
Increase (decrease) in long-term provisions	(7)
(Income) from application of the equity method	(1)
Cash flow	226
 (Increase) in net working capital	 (46)
Net cash provided by operating activities	180
 Purchase of property, plant and equipment	 (94)
Purchase of intangibles net	(3)
Goodwill from purchase of operations	0
Sale of unconsolidated investments	3
Purchase of consolidated companies (less cash acquired)	0
Sale of consolidated companies (less cash disposed)	0
Sale of property, plant and equipment	4
Sale of other assets	4
(Purchase) sale of marketable securities	0
Decrease in other long-term liabilities	12
Decrease in loans and advances	1
Net cash used in investing activities	(73)
 Net cash (used) provided in discontinued activities	 0
 Increase (decrease) of capital	 (110)
Increase (decrease) in debts	5
Dividend payout	0
Contribution from minority interests	(2)
Net cash provided by (used for) financing activities	(107)
 Translation adjustments	 0
 Net increase (decrease) in cash	 0
Cash on hand at 1 January	0
Cash on hand at 30 June	0

Basis of preparation of the interim historical combined financial statements The interim historical combined financial statements have been prepared on the following basis:

The interim historical combined financial statements are based on the accounts of the individual subsidiaries at 30 June, which have been drawn up according to uniform Group accounting principles consistent with those adopted by Lonza Group in its combined historical financial statements for the years ended 31 December 1996, 1997 and 1998 (page 101 and following).

The historical combined interim accounts are rendered in conformity with the existing International Accounting Standards (IAS), published by the International Accounting Standards Committee (IASC).

The same assumption as described in the "Basis of preparation of the historical combined financial statements" page 100 apply.

Segment data	by division	first half 1998		first half 1999	
		million	%	million	%
Sales		CHF		CHF	
Fine chemicals and specialties		780	71	803	74
Intermediates and additives		272	25	238	22
Energy		22	2	20	2
Others		0	0	0	0
Related parties		20	2	21	2
Total		1 094	100	1 082	100

Operating income	by division	first half 1998		first half 1999	
		million	%	million	%
		CHF		CHF	
Fine chemicals and specialties		96	79	151	87
Intermediates and additives		27	22	13	8
Energy		7	6	10	6
Others		(9)	(7)	(1)	(1)
Total		121	100	173	100

Operating income as % of sales	by division	first half 1998		first half 1999	
		%		million	
		CHF		CHF	
Fine chemicals and specialties		12.3		18.8	
Intermediates and additives		9.9		5.5	
Energy		31.8		50.0	
Others		na		na	
Total		11.1		16.0	

Depreciation & amortisation	by division	first half 1998		first half 1999	
		million	%	million	%
		CHF		CHF	
Fine chemicals and specialties		60	74	69	64
Intermediates and additives		19	24	22	21
Energy		2	2	16	15
Others		0	0	0	0
Total		81	100	107	100